

CITY OF MEDIAPOLIS

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

FOR THE PERIOD
JULY 1, 2015 THROUGH JUNE 30, 2016

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City of Mediapolis

Officials

(Before December 2015)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Larry Flaherty	Mayor	Dec 2015
Robert Gerling	Council Member	Dec 2015
Chuck Massner	Council Member	Dec 2017
Tim Licko	Council Member	Dec 2015
Gina Riherd	Council Member	Dec 2017
Clark "Lee" Kerr	Council Member	Dec 2017
Julia Tribbey	City Clerk	Indefinite

(After December 2015)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Gina Riherd	Mayor	Dec 2019
Jim Spence	Council Member	Dec 2019
Chuck Massner	Council Member	Dec 2017
Tim Licko	Council Member	Dec 2019
Vollie Rifner	Council Member	Dec 2017
Clark "Lee" Kerr	Council Member	Dec 2017
Julia Tribbey	City Clerk	Indefinite

TED M. WIEGAND, CPA

606 East Madison Street
Mount Pleasant, Iowa 52641

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Mayor
and Members of the City Council:

I have performed the procedures enumerated below which were established pursuant to Chapter 11.6 of the Code of Iowa enacted by the Iowa Legislature to provide oversight of certain Iowa cities. Accordingly, I have applied certain tests and procedures to selected accounting records and related information of the City of Mediapolis for the period July 1, 2015 through June 30, 2016. The City of Mediapolis' management, which agreed to the performance of the procedures performed, is responsible for the City's records.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures I performed are summarized as follows:

1. I reviewed selected City Council meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.
2. I reviewed the City's internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.
3. I reviewed surety bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. I obtained and reviewed the City Clerk's financial reports and selected two bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances and monthly financial reports provided to the City Council.
5. I reviewed City funds for consistency with the City Finance Committee's recommended Uniform Chart of Accounts (COA) and to determine required funds and fund balances are properly maintained and accurately accounted for.
6. I reviewed the City's fiscal year 2016 Annual Financial Report to determine whether it was completed and accurately reflects the City's financial information.
7. I reviewed investments to determine compliance with Chapter 12B of the Code of Iowa.
8. I reviewed compliance with Chapters 12C.2, 12B.10B and 556.1(12) of the Code of Iowa pertaining to required depository resolutions, investment policy and reporting of unclaimed property to the State of Iowa.

9. I reviewed debt, including general obligation and revenue bonds/notes, and related transactions for proper authorization and compliance with Chapters 75, 384 and 403.9 of the Code of Iowa and to determine whether the debt and related proceeds and repayments were properly accounted for.
10. I reviewed and tested selected tax increment financing (TIF) transactions, including receipts, disbursements and transfers, for compliance and accurate accounting, including compliance with the TIF reporting requirements of Chapter 384.22 of the Code of Iowa.
11. I reviewed the City's TIF debt certification forms filed with the County Auditor, including requests for collection of reduced TIF amounts and to decertify certain TIF obligations, as applicable, for proper support and compliance with Chapter 403.19(6) of the Code of Iowa.
12. I reviewed and tested selected receipts for accurate accounting and consistency with the recommended COA.
13. I reviewed and tested selected disbursements for proper approval, adequate supporting documentation, accurate accounting and consistency with the recommended COA and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa.
14. I reviewed and tested selected payroll and related transactions for propriety, proper authorization and accurate accounting.
15. I reviewed the annual certified budget for proper authorization, certification and timely amendment.

Based on the performance of the procedures described above, I identified various recommendations for the City. My recommendations are described in the Detailed Recommendations section of this report. Unless reported in the Detailed Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

These agreed upon procedures do not constitute an audit of financial statements or any part thereof, the objective of which is the expression of an opinion on the financial statements or a part thereof. Had I performed additional procedures, or had I performed an audit of the City of Mediapolis, additional matters might have come to my attention that would have been reported to you.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Mediapolis and other parties to whom the City of Mediapolis may report. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of the City of Mediapolis during the course of my agreed-upon procedures. Should you have any questions concerning any of the above matters, I would be pleased to discuss them with you at your convenience.

TED M. WIEGAND, CPA

January 11, 2017

City of Mediapolis

Detailed Recommendations

For the Period July 1, 2015 through June 30, 2016

- (A) City Council Meeting Minutes – I noted that meeting minutes of the City Council were not signed by the Clerk and the Mayor between December 21, 2015 and June 30, 2016.

Recommendation – The Clerk should ensure meeting minutes are signed for authentication of the minutes of each meeting of the City Council per Chapter 380.7 of the Code of Iowa.

- (B) General Ledger software – The Clerk is unable to reconcile her cash balance to the computerized general ledger system because of software anomalies that render the general ledger cash balance incorrect and unreliable. However, the cash balance reported on the clerk's monthly report is correctly reconciled to the bank balance every month.

Recommendation – I realize the Clerk has made every reasonable effort to work with the software vendor to have this problem corrected, but the software vendor has failed to remedy the situation. The City should obtain reliable general ledger accounting software at the next opportunity.

- (C) Annual Financial Report – I noted certain misstatements reported on the June 30, 2016 Annual Financial Report:

- (1) A transfer was reported from the TIF Special Revenue Fund to the General Fund in the amount of \$12,479.32 that should not have been reported because the transfer was made to a different TIF Special Revenue Fund and not to the General Fund.
- (2) General Fund ending balances were overstated \$250 and Proprietary Fund balances were understated \$160.

Recommendation – I worked with the Clerk and we made the necessary corrections to the beginning balances for the General, Special Revenue, and TIF Special Revenue Funds that were recommended in my report last year. We also corrected the FY16 transfer error noted above. The \$250 and \$160 errors in ending fund balances are most likely due to anomalies in the general ledger accounting software. The City should obtain reliable general ledger accounting software at the next opportunity.
The City should ensure transfers are reported accurately on the Annual Financial Report.

- (D) Urban Renewal Report – 1) The FY16 Urban Renewal Report was due on December 1, 2016 but has not yet been submitted to the Iowa Department of Management.
2) I reviewed the FY15 Urban Renewal Report that was filed during the period under examination. This report incorrectly reported the beginning cash balance for TIF Funds as \$131,897 but should have been \$18,370.

Recommendation – The FY16 Annual Urban Renewal Report should be filed as required, and a beginning cash balance of \$833 should be reported.

- (E) Library minutes – Approved wage increases were reported in the library minutes merely as a percentage increase, and the actual wage amount was not reported.

Recommendation – For proper disclosure, the new approved wage or salary amount should be published in the library minutes.

City of Mediapolis

Detailed Recommendations

For the Period July 1, 2015 through June 30, 2016

- (F) Certified Budget – Disbursements during the year ended June 30, 2016 exceeded the amount budgeted in the general government function. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation – The budget should be amended in accordance with Chapter 384.18 of the Code of Iowa before actual disbursements exceed the budget. The amount budgeted for debt service should include any fees that are assessed.

- (G) Form 1099 filings – Form 1099 information returns for calendar year 2015 were not filed as required.

Recommendation – The City should make sure 1099’s are filed each year.